



State of Washington

# Freight Mobility Strategic Investment Board

## 2004 Activities and Recommendations Report

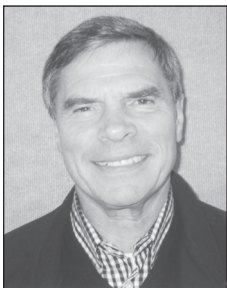
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# 2004 Freight Mobility Strategic Investment Board Members

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**Dan O'Neal**  
*Greenbrier Companies, Inc*  
*Former ICC Chairman*



**Pati Otley**  
*Director, Govt. Affairs BNSF Railway*  
*Railroad Representative*



**Jim Toomey**  
*Executive Director, Port of Pasco*  
*Port Representative*



**Eric Johnson**  
*County Commissioner, Lewis County*  
*County Representative*



**Don Lemmons**  
*President, Interstate Wood Products*  
*Trucking Representative*



**Dick Marzano**  
*Port Commissioner, Port of Tacoma*  
*Port Representative*



**Mark Asmundson**  
*Mayor, City of Bellingham*  
*City Representative*



**Cliff Benson**  
*Past President, Puget Sound Steamship Operators*  
*Shipping Representative*



**Andrew Johnsen**  
*Transportation Policy Advisor*  
*Governor Locke*



**Doug MacDonald**  
*Secretary WSDOT*  
*Washington State Dept. of*  
*Transportation*



**Rebecca Francik**  
*Mayor Pro-Tem, City of Pasco*  
*City Representative*



**Ross Kelley**  
*Spokane County Engineer*  
*County Representative*

## **Staff:**

**Karen Schmidt**  
*Executive Director*

**Sandy Lockhart**  
*Confidential Secretary*



# Executive Summary



## Mission Statement

The mission of the Freight Mobility Strategic Investment Board is to create a comprehensive and coordinated state program to facilitate freight movement between and among local, national and international markets, which enhances trade opportunities. The Board also is charged with finding solutions that lessen the impact of the movement of freight on local communities.

Washington's economy is very dependent upon trade and reliant on our ability to compete in a global economy. To remain competitive we need to move our products and goods efficiently. The State's economic competitiveness depends on the efficiency of the multimodal transportation system for the movement of freight.

The Board will propose policies, projects, corridors and funding to the Legislature to promote strategic investments in a statewide freight mobility transportation system. The Board will also propose projects that soften the impact of freight movement on local communities.

## Agency Goals

- Optimize freight mobility by reducing barriers on Washington's strategic freight corridors.
- Take leadership role informing the public regarding freight mobility transportation needs and issues.
- Cooperate and coordinate with the public and private transportation partners so that we work together cost effectively.

2004 saw some dramatic changes in freight mobility along the West Coast that impacted Washington State. Congestion in Los Angeles/Long Beach coupled with additional new fees drove more cargo south to Manzanillo Mexico, the Panama Canal and north to Washington and Canada. Two of the three ocean carriers calling on Portland announced they would cease handling intermodal freight out of Portland forcing a shift in cargo movement to the Puget Sound area. Ports are preparing for larger ships and more ship volume, which has already started. Trucking and major distribution centers are looking for new operating locations outside the metropolitan King County area because congestion is

making on-time deliveries more and more difficult. One railroad is searching for a Northwest location for a logistics center, which will change freight movement patterns in the Puget Sound area.

The Freight Board has been working to analyze the changes and to determine how the changes will impact freight movement in the future. The information developed will be used to assist policymakers in making investments in current and evolving freight corridors assuring policies that enhance Washington's ability to compete globally.





# History of FMSIB



In 1996 the Legislative Transportation Committee (LTC) designated the Freight Mobility Advisory Committee (FMAC) to analyze the state's freight mobility needs, identify high-priority freight transportation projects, and recommend policy to the Legislature. The FMAC recommended that the state take the lead in implementing a freight mobility transportation program that would form funding partnerships among all the interested parties for improvements statewide along strategic freight corridors.

In 1997 the Washington State Department of Transportation (WSDOT) convened the Freight Mobility Project Prioritization Committee (FMPPC) to recommend specific criteria for use in ranking freight mobility projects and established a statewide freight mobility project list.

## Freight Mobility History:

- 1996 – FMAC Designated
- 1997 – FMPPC Established
- 1998 – FMSIB Created
- 1999 – FMSIB Office Opened
- 2000 – FMSIB Project Scoring Criteria Revised
- 2001 – First Three FMSIB Projects Completed
- 2002 – Development of Benchmark Standard Initiated
- 2003 – FHWA selects FMSIB Project as Potential National Model
- 2004 – Funding secured for nine additional projects

In 1998 the Legislature created Chapter 47.06A RCW Freight Mobility, which established a state freight mobility policy and also the Freight Mobility Strategic Investment Board (FMSIB) for the purpose of reviewing, prioritizing, and recommending freight mobility transportation projects that are of strategic importance to the State of Washington.

The 12-member Board includes representatives from cities, counties, ports, railroads, steamship operators, the trucking industry, the Governor's office, the Secretary of the Department of Transportation, and a public member. The Board is required to provide periodic progress reports on its activities to the Office of Financial Management and the Legislative Transportation Committee.

The Board opened an independent office in 1999 to represent freight needs without regard to jurisdiction. It hired an Executive Director and Secretary to work directly with project partners, plan and execute board meetings, retreats and coordinate with the Legislature, Governor's office, and others interested in freight mobility.

The Board was directed to solicit proposed freight mobility projects from public entities that meet the eligibility criteria summarized as follows:

- The project must be on a strategic freight corridor;
- The project must meet one of the following conditions:
  1. It is primarily aimed at reducing identified barriers to freight movement with only incidental benefits to general or personal mobility;
  2. It is primarily aimed at increasing capacity of the movement of freight with only incidental benefits to general or personal mobility; or
  3. It is primarily aimed at mitigating the impacts on communities of increasing freight movement, including roadway/railway conflicts; and
- The project must have a total public benefit/total public cost ratio of equal to or greater than one.



# History of FMSIB

Because transportation services are such important determinants of the development pattern within a country, they directly influence the structure and functioning of social, economic and political systems.

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Chapter 47.06A RCW charged the Board to evaluate and rank eligible freight mobility and freight mitigation projects by using the multi-criteria analysis and scoring framework developed by the FMPPC.

In addition, the Board was directed to leverage the most partnership funding possible and give priority ranking to projects with the highest level of non-program funding. Furthermore, the legislation allows the Board to supplement and refine the priority criteria when they have gained expertise and experience in administering the freight mobility program. The Board refined the original criteria in 2000.

By applying these conditions to the projects submitted, in 1998, FMSIB recommended to the Legislature a list of prioritized freight mobility projects with a total value of \$1.23 billion. This recommendation leveraged a state investment of approximately \$472 million, with almost \$760 million in partnership funding.

Passage of Initiative 695 in 1999 eliminated all dedicated funding for the freight projects previously approved by the Legislature. Funding for 13 of the 33 projects was reinstated by the 2000 Legislature. The Board issued its first “call for projects” and selected 19 additional projects out of 52 applications.

In 2002 the Board developed benchmark standards and created a multiagency steering committee to assure that the applications would provide meaningful data to a broad range of other agencies as well as FMSIB.

In 2003 the Federal Highway Administration selected the agency’s freight data gathering and analysis project as one of five projects to be studied in the U.S. for possible national application.





# Freight Trends and Events

Many ships previously destined for California ports have been diverted to the Northwest due to extreme surface congestion at the ports of Los Angeles and Long Beach, a newly imposed fee to try and force more containers onto the Alameda Corridor and costly delays for ships trying to dock at terminals unprepared for the growing volumes coming from Asia. Ship calls at Seattle and Tacoma have increased dramatically, but there are concerns that while the ports have invested millions of dollars to handle increasing volumes of cargo, delays on Washington's freight corridors may drive the new business away costing us hundreds of high paying jobs.

Many of the chokepoints have been addressed in recent years, but many more must be addressed in order to create a fast moving freight corridor. Two examples are critical to operations at the ports of Seattle and Tacoma. Just off of port property, the Marginal Way project will realign the road to eliminate the current at-grade crossing of vehicles and trains moving between Terminals 5 and 18 to the Union Pacific ARGO intermodal rail yard and to the Burlington Northern Santa Fe Railway SIG intermodal yard. The improved alignment will also remove a serious safety hazard for trucks trying to merge onto Marginal Way and immediately crossing three lanes of fast moving traffic coming off the viaduct. At the Port of Tacoma, Lincoln Road bisects four rail lines and trucks and trains interfere with

each other and the efficient movement of freight entering and leaving the south end of the port. Building a grade separation will provide smooth flowing cargo deliveries to and from ships as well as obvious safety benefits. With increased traffic already building, it is critical that these two projects be constructed as soon as possible. The Freight Board has been working closely with project sponsors to be sure these projects are ready for construction during the 2005-07 biennium.

California began imposing new container fees this year in an attempt to get more containers delivered during off hours. However, the fees coupled with an overburdened port facility have reportedly instead chased many ships carrying discretionary cargo away to ports north and as far south as Manzanillo, Mexico. Some cargo has even gone on an all water route through the Panama Canal to Gulf and East Coast ports bypassing the West Coast completely.

During the peak shipping period ships waited days in California just to get cargo loaded or off-loaded. The shift in greater volumes to Washington is increasing the port traffic faster than the Marine Cargo Forecast.

Canadian ports in conjunction with government owned railroads offer free return trip travel for empty containers assuring that steamships continue to call at Delta Port. The empties provide another incentive



*Scenes from the fast growing Port of Manzanillo*



## Trends and Events

for ships to call at a port outside of the US where they can avoid Harbor Maintenance taxes and additional security requirements.

In Mid 2004, K Line and Hyundai announced that they will no longer make calls at Portland for intermodal cargo. The cargo will now be picked up in Puget Sound, which will alter the freight traffic flows of Eastern Washington intermodal commerce from NW Oregon to Western Washington. The Port of Pasco reports that it is now moving an additional 1,000 containers per month to the Port of Tacoma due to this shift. To respond to this sudden increase in freight, the port will need to add rail capacity on their property. The preliminary estimate of cost is projected to be \$4 million.

In addition to transportation needs, shipping also faces challenges in safety, security and environmental requirements including air emissions from intermodal activity. The fundamental question is whether Washington State will prepare and compete for more cargo or whether it will be overwhelmed like California by congestion and air emissions.

Cost and certainty of service are key drivers impacting cargo movement. Mike Moore from the Pacific Merchant Steamship Association notes that cargo owners like Wal-Mart, Target, Nike, and agricultural exporters, make the key decisions about how to ship their goods. They have multiple options for discretionary cargo movement. Carriers can and have changed their port of call at the last

**“Every import is an export opportunity.”**

Michael Moore

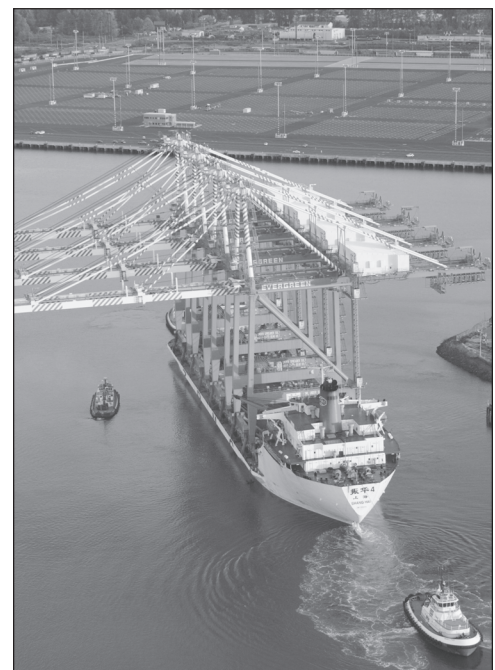
Pacific Merchant Shipping Association

The Freight Board has been working with the WSU Strategic Freight Transportation Analysis (SFTA) team to determine what impacts will occur due to these sudden shifts and what corridors will be impacted with the rapid increase in freight movement.

Ships are becoming larger creating some new challenges for commercial ports. Post-Panamax sized ships (ships that are too large to fit through the Panama Canal) are now being designed to carry over 9,000 TEUs, nearly a third larger than the largest ships currently calling on Puget Sound ports. That equates to over 22 one mile long double stack trains per ship. That amount of containers being unloaded at one time will strain existing facilities. To meet this demand, terminals are expanding capability through efficiency improvements – but intermodal infrastructure must be addressed as well both on and off of port property.

Every container coming into Washington creates an export opportunity. However, repositioning empty containers back to Asia is sometimes more important than waiting to fill it with low value exports; exporters must find a way to leverage these opportunities.

minute due to costs of delay and uncertainty. The vessel owners secure cargo-carrying contracts with cargo owners, and the ports secure contracts with the carriers.



*Evergreen Steamship Line's new cranes arriving at the Port of Tacoma*



# Trends and Events



In 2003, Evergreen Line, located at the Port of Tacoma, invested in new larger cranes that were constructed to load and unload ships that are up to 23 containers wide (200 feet across). These ships have the ability to carry 10,000 TEUs (standard container measurement), 25 percent more than the largest ships currently on Puget Sound ports.

The Puget Sound Port of Tacoma has recently invested an additional \$210 million in the new Pierce County Terminal and is attracting business based on their ability to move intermodal commerce expeditiously. Delays off of port property jeopardize their current and future ability to attract new business and increase current customer volumes.

SeaTac Airport is the 18<sup>th</sup> busiest cargo airport in the nation handling 351,418 metric tons of air cargo in 2003. The airport is operated by the Port of Seattle and has three million square feet of air cargo space. In the first six months of 2004, the overall air cargo growth was 28 percent over 2003 levels with exports to Asia up 37 percent and imports up 18 percent. Traffic problems getting to and from the airport are becoming a concern. Late deliveries may force cargo to miss critical departure schedules. The port planners are identifying chokepoints and are committing resources to help construct solutions in a partnership with others including the state.

The Port of Seattle spent \$270 million to expand and modernize their T-18 container terminal which has doubled the terminal's intermodal container rail capacity allowing them to move cargo directly onto UP and BNSF railcars. American President Line is employing the latest generation computerized

terminal operations system to keep cargo moving to its destination as quickly as possible. The Hanjin Terminal (T-46) had three new cranes arrive this summer that are capable of loading and unloading the next generation of container ships that are on the drawing board to keep up with the volumes and changes in the shipping industry.

The busy Columbia River ports handle a variety of products across their docks. Forty percent of all U.S. wheat exports are shipped via lower Columbia River ports and ocean going vessels transport an average \$14 billion worth of cargo each year. The Port of Vancouver has break-bulk cargo as well as containers, automobiles, forest products, steel and aluminum products, liquid bulks, and a number of dry bulk commodities such as bauxite, mineral ores, concentrates, fertilizers, sands, clays, grains and other bulk agricultural commodities. \*

The Port of Longview is strategically located on the lower Columbia River just 66 miles from the Pacific Ocean and has mainline rail and interstate highway connections. The Port recently opened its completed rail corridor, which FMSIB assisted in as a financial partner.

More than 40,000 local jobs with an average annual wage of \$46,000 are dependent on Columbia River maritime commerce and 59,000 more Northwest jobs are influenced by such activity. Approximately \$1.8 billion per year in personal income is generated by maritime activity and over \$208 million in state and local taxes are generated each year by Columbia River maritime shipping. \*

The Port of Kalama is consistently ranked as one of the top five West Coast Ports for total volume of bulk commodity exported annually. A strong marine terminal, the port prides itself on being extremely efficient and is currently working on a loop rail project that was funded in part by the 2004 legislature as part of the FMSIB list of projects to further add to their efficiency. The port handles forest products as well as agricultural products and United Harvest is one of their largest customers. In addition, there are over 20 industries located at the Port of Kalama, employing nearly 1,000 people. \*

The Port of Pasco is located on the upper Columbia River and current export commodities include hay

\*Data compiled from individual port websites



## Trends and Events

cubes, onions, peas, beans, soil fumigants, and other, mostly agricultural, products. The Port provides facilities for barge shipments of grain from the region down the Columbia River to the seacoast terminals. Big Pasco Industrial area has approximately 16 square blocks of industrial space and the tenants presently employ almost 450 workers at this location. (In addition there are approximately 700 people employed by firms located at the airport facility.) A major selling point for the Port is their direct access to freeway and rail connections. There are over 50 trains a day that converge near the main route into the port disrupting truck access into and out of the port. The 2004 legislature appropriated FMSIB funding to partner in the construction of a grade separation of the main route into the port.

and be able to move cargo faster if they could operate triple trailers on the interstate as they now can in Idaho and Oregon.

Many improvements identified by the truckers are relatively inexpensive fixes that would improve safety and freight movement as well as relieve some general traffic congestion by avoiding problems that back traffic on off ramps up onto the freeway itself. Some improvements would involve an additional off ramp lane, eliminating a right turn traffic signal at the end of the ramp allowing free right turns onto local streets or improving the turning radius for some off ramps. The Freight Board will continue to work with the trucking community to identify impediments and work with local and state transportation offices to eliminate these problems by making the small necessary investments.

**“Dependency on foreign agriculture is as bad as dependency on foreign oil.”**

**Charles Pomianek**  
Wenatchee Valley Traffic Association

All of these improvements and others are geared to keep Washington competitive in the port link of the supply chain. They depend on the state and others to make strategic investments that address problems off of port property.

Many major Washington trucking companies like Oak Harbor Trucking are altering their operations to open new satellite locations outside the central Puget Sound area because they cannot serve clients from one central location due to congestion and the checkerboard of local zoning limitations. One major operator, Haney Trucking has found that it can serve the East King County area more efficiently from Yakima than from a western Washington location. Another company, United Parcel Service reports that it now must fly shipments to Boeing field from Olympia, Bremerton and Everett to get packages to their destinations on time. To improve on-time truck deliveries during extreme traffic conditions UPS also often places a second person in the truck allowing the vehicle to travel in the HOV lanes. A number of the trucking firms have said they would save millions of dollars annually

The recently completed Marine Cargo Forecast and Rail Capacity Analysis clearly depicts the challenges faced Washington if the state wants to remain competitive. The rail capacity issue will involve encouraging the two major railroads serving Washington – the Burlington Northern Santa Fe and Union Pacific, to invest in major infrastructure improvements here rather than elsewhere in their system. Washington’s partnership investments in the freight delivery system by funding Freight Mobility Board selected projects has been cited by both railroads as an incentive to continue to invest here.

### Fruit

Transportation is critical for Washington growers to be able to compete in Global markets. Washington’s fruit industry estimates indicate that to move their annual production of apples, pears, cherries and other soft fruits requires over 100,000 truck trips plus an additional 25,000 truck trips are needed to deliver packing house supplies (boxes etc). On average, 25 - 30 percent of all tree fruit is exported with over 10,000 truckloads going to Canada and



# Trends and Events



*Photo courtesy of Don Wilson - Port of Seattle.*

Mexico, and about 12,000 truckloads go to our ports to be exported to Asia, New Zealand, the Middle East, Africa, Caribbean Countries, Central and South America. (A small amount goes to Europe) The remainder of the fruit travels to our domestic markets. \*\*

## Washington Communities

The transportation of freight is an integral factor in the viability of communities and the economy. It is about more than the immediate needs of a producer or distributor.

A well-positioned transportation system requires infrastructure in place, which allows businesses to make decisions that are predicated upon optimizing

the efficiency and effectiveness of meeting their operational needs. A dysfunctional transportation system will cause business investment decisions, location decisions, and deployment of personnel to occur in an environment which accommodates the deficiencies in the transportation network.

Inevitably, this accommodating approach introduces inefficiencies to the operation of the business and as these inefficiencies inevitably multiply over time, viable, sustainable business operations ultimately become problematic. When this happens, communities react to the changes in traffic in a manner that is not welcoming; long term land use planning and transportation system objectives can be stymied and the adequacy of the transportation system is further degraded, along with the reduction in quality of life in affected areas.

The Freight Board works closely with local communities to identify infrastructure needs and develop partnerships to correct problems before they are further compounded. All freight begins and ends in local communities and for many communities they are simply in the path of commerce but expected to pay for improvements that will benefit the entire freight corridor. The state, by providing match funding through the Freight Board's rigorous project selection process assists local communities in building the necessary infrastructure to keep Washington competitive.



\*\* Wenatchee Valley Traffic Association



## Trends and Events

Foreign Waterborne Trade Through Washington State Ports: 2003 (ranked by total dollar value)						
Port	Import Metric Tons	Export Metric Tons	Total Metric Tons	Import Value in Millions of US \$	Export Value in Millions of US \$	Total Value in Millions of US \$
Tacoma	4,909,772	8,761,505	13,671,277	\$21,129.4	\$5,202.5	\$26,331.8
Seattle	6,292,577	6,315,627	12,608,204	\$17,389.9	\$5,686.0	\$23,075.9
Vancouver	658,656	3,214,553	3,873,209	\$761.8	\$542.2	\$1,304.0
Kalama	263,619	5,922,748	6,186,367	\$60.7	\$1,131.9	\$1,192.5
Bellingham	2,905,689	927,659	3,833,348	\$619.9	\$265.7	\$885.6
Longview	572,446	3,411,855	3,984,301	\$41.2	\$677.4	\$718.6
Anacortes	1,473,468	747,782	2,221,250	\$230.2	\$144.3	\$374.6
Port Townsend	121,856	14,183	136,039	\$7.2	\$150.1	\$157.3
Port Angeles	564,854	57,454	622,308	\$106.3	\$32.0	\$138.3
Olympia	97,055	98,718	195,773	\$84.6	\$21.5	\$106.2
Aberdeen	302,952	320,196	623,148	\$42.5	\$51.6	\$94.2
Everett	69,250	82,404	151,654	\$9.2	\$24.0	\$33.2
Friday Harbor	4,651	0	4,651	\$8.3	\$0.0	\$8.3
Grand Total	18,236,845	29,874,684	48,111,529	\$40,491.3	\$13,929.2	\$54,420.5

In a developed economy, the volume of goods and people transported from one place to another is enormous (approximately 20% of the U.S. Gross National Product is directly or indirectly attributed to transportation and approximately 12% of total U.S. civilian employment is in transportation or transportation-related industries).

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# Freight Forum



The Freight Board used its July meeting as an opportunity to convene a Freight Forum where truckers, railroads, shippers, ports and local governments could identify the transportation deficiencies they face in transporting freight in Washington. The event was a cooperative effort with DOT to focus on what should be included in the freight section of the Washington Transportation Plan.

A number of issues that were raised by the private sector participants might be brought by them before Legislative or Congressional policymakers in the future. Local and State government representatives also identified freight issues that present a challenge to their jurisdictions if Washington is to develop seamless freight corridors. Any future policy decisions made by elected officials will steer the course for Washington's freight investments and help guide the work of the Freight Mobility Strategic Investment Board.

All freight volumes are projected to increase which places additional pressure on already congested corridors. Freight Customers will make modal decisions based on when they need to get their products to market and at what cost. Rail and trucking will have to increase capacity just to continue to carry the same percentage of the commerce and a radical shift from one mode to another is not likely.

The Freight Mobility Strategic Investment Board is charged, in part, with identifying freight needs and advising the Governor and the Legislature about challenges to freight movement in the state. The Board will print a full detailed report of the Freight Forum with the concerns of each group identified and distribute it to the Governor, Legislature and Congressional delegation. Additional copies will be available by contacting our office or may be viewed on our website at [www.fmsib.wa.gov](http://www.fmsib.wa.gov)

Below are examples of some of the questions raised by the presentations of rail and trucking interests. The following page highlights key points made by various participants.

## Rail

We now understand that Washington's current rail capacity cannot handle the increased volumes expected that are already starting to build. The railroads will need to invest in their infrastructure to handle the increases, but they lack the resources to make all of the necessary improvements system wide.

1. How can we encourage BNSF and UP to invest in projects in Washington State?
2. Is it appropriate for Washington to help finance some of the improvements when there is a public benefit? If so, when is it appropriate?
3. How do we determine "what is a public benefit"?
4. With limited resources to invest in freight rail, where do we gain the greatest return? Where there are 50 trains a year or where there are 50 trains a day?

## Truck

Approximately 70 percent of all freight is carried by truck and will continue to be the major mover of freight. Trucking is suffering from inconsistent operating regulations from jurisdiction to jurisdiction that reduce the ability to operate off hours. Local laws have created this checkerboard of "hours-of-operation" making efficient freight delivery impossible. There is a nationwide shortage of truck drivers now that will only get worse as volumes build.

1. Encourage more trucks (if drivers can be found) to deliver the increasing volume of goods that people want?
2. Allow longer or heavier trucks to operate on our roads by asking Congress to lift their size and weight limit leaving these decisions at the state level?
3. Authorize triple trailers to save money and maximize driver trips as is done in Idaho and Oregon?



## Points Made by Participants

- Predictable dedicated funding for Freight Mobility Board projects was cited by nearly all of the participants.
- Freight rarely completes its journey on one jurisdiction's road or rail system and much freight moves intermodally. For these reasons, many freight mobility solutions need to involve multiple jurisdictions and, where appropriate, the private sector. Innovative funding partnerships expand the opportunity to improve our freight system.
- Government needs to be able to address freight infrastructure needs more rapidly and more predictably in order to match the timeframe in which the private sector makes decisions.
- Rapid changes occur and the movers of freight must be nimble enough to respond quickly and in a cost effective manner. Recent problems in Southern California ports are chasing discretionary cargo to other ports from Canada to Mexico placing new demands on already clogged corridors faster than what was estimated in the Marine Cargo Forecast.
- The spokesman for the Ship Operators made the point that cargo owners/shippers like Wal-Mart, Target, Nike and agricultural shippers make the key decisions about how to ship their goods. They will change carriers and routes as necessary to serve their customers. This is true for water carriers, railroads and truckers.
- The decision by two steamship companies to cease intermodal freight operations in Portland has diverted over 1,000 additional containers a week to Puget Sound ports across corridors that had not been anticipating the rapid increase in volume.
- Trucking companies, having the wherewithal, have to locate satellite distribution facilities in multiple locations because they can no longer service customers from a more cost effective central location. Some are forced to add more trucks to combat congestion interference with schedules – UPS noted it alone is using 20 percent more equipment to tackle congestion. Some have found the need to employ HOV passengers in their trucks to improve their travel time.
- Additional demand for goods requiring truck delivery will mean more trucks on the highways. To improve efficiency some truckers advocated larger heavier trucks or allowing triples on our highways – a policy yet to be determined.
- We were also reminded that trucking is not a monolithic industry and there are several distinct segments of the industry each having its own unique operating characteristics.
- The Port Marine Cargo Forecast raises serious questions about whether rail capacity is or will be adequate. That raises questions about funding additional capacity on a privately owned system. Policies on public-private investments in mainline rail infrastructure, where there is a public benefit, need to be developed and appropriate funding determined.
- Environmental and security policies must be addressed without damaging Washington's ability to compete.
- Fully building out the CVISN network will help improve travel times for responsible trucking companies.
- More efforts are needed to address the unique needs of freight in highway on-off ramp design taking into account grades, turning radius and unobstructed right turns onto local roads eliminating start-stop problems that back traffic up onto freeways and are inefficient for drivers.
- Improved ITS changeable message signs and real-time communication with dispatchers diverting trucks around accidents and other barriers when trying to get to and from ports and large manufacturing and distribution locations would be helpful.
- Intermodal connectivity needs to be improved to increase productivity between trucks and rail yards. This again poses policy questions of public-private funding.
- Several comments suggested the importance of further developing public education communications programs describing the state's reliance on freight flow.





# Agency and Freight Activities



## Audit

The Freight Board received its first audit since becoming an independent state agency in 1998. We were proud to have been given a 100 percent clean audit with no findings from the State Auditors Office.

## New projects

To maintain a six-year list of active projects nearing construction, the Project Selection Committee issued a "call for projects". The committee reviewed each application and met personally with finalists to discuss the proposed freight project. After the rigorous review, (less than) a quarter of the applications were selected and added to the existing list. Some of the projects have been in the engineering and partnership development process for a number of years and are now approaching a point where State dollars are the final piece of the funding and preliminary project readiness process.

## Project Funding

The Legislature demonstrated their commitment to keeping Washington competitive by funding nine additional Freight Mobility Board projects on the

local freight system in spite of tight financial constraints. Project sponsors were elated to be able to advance their projects to construction and safeguard their partnership funding. In appreciation, every project but one sent at least one representative to the bill signing to personally say thank you. (One project couldn't attend due to a scheduling conflict but sent a letter)

## Groundbreaking

On June 30<sup>th</sup> the first of the 2004 funded projects to break ground was phase 1 of the S. 228<sup>th</sup> St. project in Kent. As dignitaries officially broke ground, bulldozers were already actively working in the background bringing the project to life.

## Meetings

The board continued its practice of meeting around the state to provide an opportunity for locals to share the specific freight challenges in their area with the members and staff.

The Olympia meeting focused on legislative issues and created an opportunity for the Board to discuss priorities with House Transportation Committee



*All of the sponsors of the FMSIB freight projects funded by the 2004 Legislature came to Olympia to witness the bill signing and thank the Governor and Legislators for their support. Also pictured are Representatives Tom Campbell, Geoff Simpson and Mike Cooper.*



# Agency and Freight Activities



*Participating in the ground breaking for Kent's S. 228th St. Project were U.S. Senator Patty Murray (Center), (L to R) State Representative Jack Cairnes, King County Councilwoman Julia Patterson, FMSIB Chairman Dan O'Neal, State Senator Jim Horn, State Senator Stephen Johnson and State Representative Dave Upthegrove.*

Chairman Ed Murray and Senate Highways and Transportation Committee Chairman Jim Horn. In Tacoma the Board learned first-hand about the exciting developments taking place at the Port of Tacoma and the critical need to construct the D Street project (nickel fund 05-07) and the Lincoln Street grade separation which will improve the southern access into and around the Port for trucks and allow rail movement to continue without disruption.

The Yakima meeting provided the Board with an opportunity to review the improved movement of freight south of Yakima due to the construction of the recently completed grade separation at Union Gap. Yakima city officials also discussed the construction readiness (2005-07) of the dual grade separations in the downtown business district on Lincoln and B Streets and the strong financial support committed to this project by local and Federal partners.

The Freight Mobility Board convened a Freight Forum at their summer meeting to provide additional freight data and input into the DOT's Washington Transportation Plan and to document the perspectives into an unconstrained reflection of the freight communities concerns. The event took place in the beautiful new Concourse A addition to SeaTac Airport. The location reminded us also of the importance of airfreight movement into and out of SeaTac and our other commercial airports.

Walla Walla was the site of our fall meeting and focused on agricultural freight movement as well as the commerce that must flow down the Columbia/Snake River System. Representatives of Walla Walla City and County as well as the City of College Place highlighted the importance of diverting freight traffic out of the busy downtown area by constructing the Myra Rd. project.

Kelso was the site of our final meeting in 2004 providing the Board with an opportunity to learn about the emerging freight opportunities taking place in SW Washington, the success of completed FMSIB projects and the choke points that continue to pose a challenge to the region.

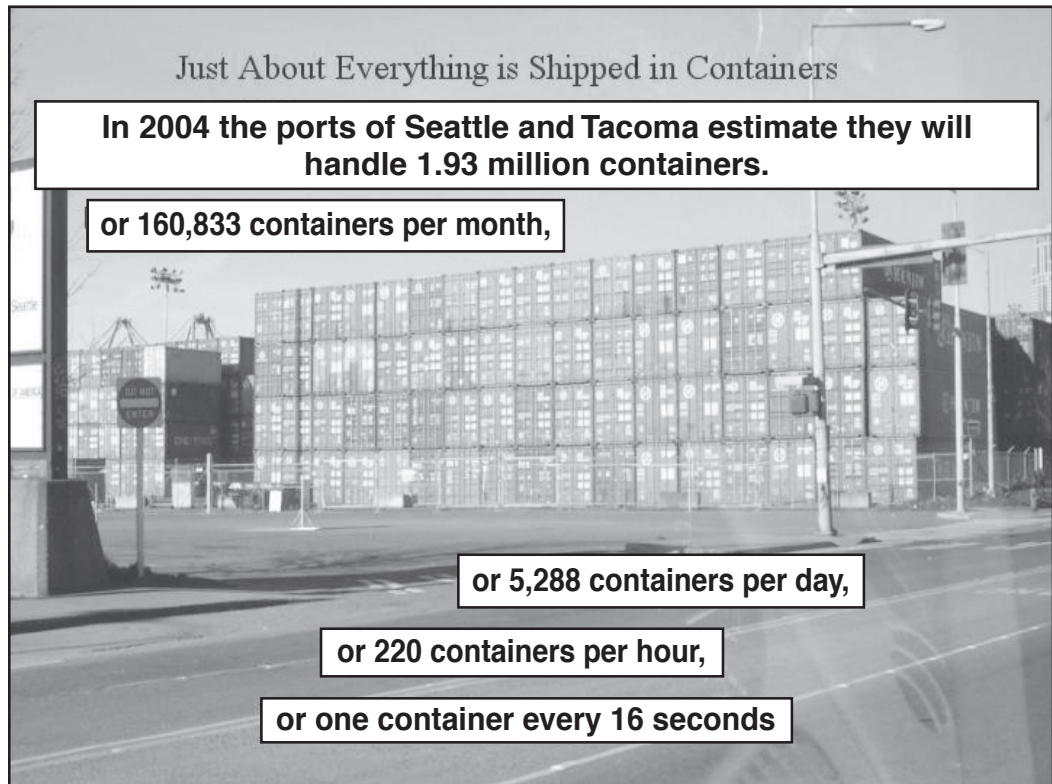
## New Board members

The Board said goodbye to Carol Moser (Mayor Pro-Tem, Richland) who represented cities for the last six years on the Board. Governor Locke appointed Rebecca Francik, (Mayor Pro-Tem, Pasco) to fill the city representative position and Eric Johnson, (Commissioner, Lewis County) to fill the county representative position on the Board.





## Projects and Facts



The largest of the post-Panamax ships coming into Puget Sound carries more than 6,600 containers. A standard “unit train” transports about 220 containers, so one ship would comprise 30 trains with each train measuring about one and three quarter miles long.

## Accountability

Freight Mobility Board projects involve multiple funding partnerships and FMSIB investments in projects historically leverage \$3 or more for every \$1 invested by FMSIB. Once a project is selected through the Board’s rigorous process, a dollar amount and percentage amount is assigned to the project reflecting what the Board believes the freight share of project cost is. The state share can’t increase by statute above the fixed dollar amount or the percentage whichever is lower. In this way the state is protected from increases if the project cost goes up and receives part of the savings if a project is completed under budget. The Board enjoys a 100 percent success rate of delivering on commitments to the legislature and the projects shown on page 19 will continue that record if funding is authorized. The Board believes this is a real test of accountability.



# Project Status



## Project Status

The legislature added funding for nine FMSIB projects during the 2004 session. Below is a chart showing the status of all FMSIB funded projects and where appropriate the year they were completed.

### Funded FMSIB Project Status

Rank	Agency	Reg	Project Name	2000	2001	2002	2003	2004
1	WSDOT	PS-F	SR 519 Intermodal Access Project Phase 1	Completed				
8	Kelso	WW	Allen Street Bridge Replacement	Completed				
9	Port of Everett	PS-F	California St. Overcrossing/ Port of Everett	Completed				
11	Everett	PS-F	41st St. Railway Overcrossing Phase 1	Completed				
12	Union Gap	EW	Valley Mall Blvd. Extension	Completed				
13	Seattle	PS-F	South Spokane St. Viaduct - surface St.	Completed				*
14	Auburn	PS-F	South 277th St. (BNSF & UPSP)	Completed				
16	Prosser	EW	Wine Country Rd. Phase 1 Roadway	Completed				
16	Prosser	EW	Wine Country Rd Phase 2 Yakima River Bridge	In progress				**
16	Prosser	EW	Wine Country Rd Phase 3 Railroad undercrossing	In progress				**
17	Port of Pasco	EW	SR 397 Ainsworth Ave. Grade Crossing	In progress				***
19	Auburn	PS-F	3rd St. SW/BNSF	Completed				
21	Kennewick	EW	Columbia Center Blvd. Railroad Crossing	In progress				
22	Pierce County	PS-F	8th St. East / BNSF Mainline Grade Separation	Completed				
23	Tukwila	PS-F	S. 180th St. Grade Separation	Completed				
24	Colville	EW	Colville Alternate Truck Route	In progress				****
28	Port of Kalama	WW	Port of Kalama Industrial Park Bridge	Completed				
30	WSDOT	PS	SR 18 Weyerhaeuser Way to SR 167 Truck Lane	Completed				
31	Benton County	EW	Port of Kennewick Road (Exten. of Pier Rd.)	In progress				
35	Kent	PS-F	S 228th Street Extension phase 1	Completed				
37	Seattle	PS	Duwamish Intelligent Transportation Systems (ITS)	In progress				
41	Port of Kalama	WW	Grain Terminal Track Improvements	In progress				
42	DOT-Pasco	EW	US 395 Hillsboro Street Interchange	Completed				
B	Bremerton	PS	SR 3/304 Transportation Improvement Project	Completed				
H	Longview	WW	SR 432 Short Term Improvement/3rd Ave Off Ramp	Completed				
48	Spokane Co	EW	Bigelow Gulch Road - Urban Boundary to Argonne Rd	In progress				*****
54	Snohomish Co	PS	Granite Falls Alternate Route ROW	In progress				
56	Fife	PS	Pacific Hwy E / Port of Tacoma Rd to Alexander Ave	In progress				

\* No FMSIB funds used for this phase

\*\* Completion scheduled for summer 2005

\*\*\* Completion scheduled for summer 2006

\*\*\*\* Completion scheduled for fall 2005

\*\*\*\*\* Completion scheduled for 2009



# Recommended Projects



## Recommendation

Creation of a Freight Mobility Board Capital Project Account with \$25 million of ongoing predictable funding for Freight Mobility Strategic Investment Board projects.

The legislature created the Freight Mobility Strategic Investment Board in 1998 to focus solely on the requirements of improving the state's freight corridors and providing match fund assistance to capital projects. With passage of R-49, funding was provided for the FMSIB project list. Those funds were lost in 1999 with passage of I-695. The lost funds totaled about \$100 million a biennium. In 2002, the legislature created a Freight Mobility Strategic Investment Board Account with dedicated funding from an increase in the gross weight truck fees as part of the bill that became R-51. The bill was defeated at the polls and the account and funding were never realized.

The Freight Board needs a reestablished dedicated account to hold public dollars and private funds entrusted to it for the capital projects selected through the Board's vigorous selection process. Dedicated, ongoing funds will communicate the commitment of the state to improve freight movement within Washington's borders as well as provide a more cost efficient way to advance capital projects. A predictable level of support will remove

uncertainty in project development and will deliver projects in a timelier manner. WSDOT, CRAB and TIB all have ongoing dedicated funding to carry out their mission. FMSIB needs the same funding certainty as the other transportation agencies to operate more efficiently.

To fund the full six-year list of locally sponsored projects would require a \$25 million commitment annually.

FMSIB funds would be used in partnership with other local, port and private sector funds. If fully funded, the state six-year contribution would leverage at least another \$490 million from private and local government sources for a total program delivery of more than \$630 million in freight barrier removals. These projects would also provide capacity and/or safety improvements for passenger vehicles and communities.

To also fund the freight projects on the State DOT system would require additional revenue above the \$25 million per year in ongoing funding.

The Freight Mobility Strategic Investment Board has received letters of support for the reestablishment of a dedicated fund for FMSIB projects from a broad spectrum of local governments and private freight businesses including:

Burlington Northern Santa Fe  
Puget Sound Regional Council  
City of Auburn  
Wa. Public Ports Association  
Association of Washington Business  
Washington Trucking Associations  
Associated General Contractors  
Pacific Merchant Shipping Assn.

City of Bellingham  
Port of Tacoma  
City of Kent  
Port of Seattle  
City of Everett  
Snohomish County  
City of Puyallup  
Port of Vancouver

Union Pacific Railroad  
Pierce County  
City of Yakima  
City of Pasco  
Port of Everett  
FAST Corridor  
Port of Longview  
Walla Walla County and others



# Recommended Projects

## Recommended 2005-07 Projects

There are 14 projects that the Freight Mobility Strategic Investment Board has identified as ready to proceed to construction in the next biennium if funding is approved in the 2005-07 transportation budget.

### FMSIB 2005-07 NICKEL ACCOUNT

Rank	Agency	Region	Project Name	Current Cost (\$ millions)	FMSIB Share (\$ millions)
<b>CONSTRUCTION</b>					
18	Tacoma	PS-F	D St. Grade Separation	28.27	6.00

### FMSIB 2005-07 PROJECT LIST RECOMMENDATIONS

Rank	Agency	Region	Project Name	Current Cost (\$ millions)	FMSIB Share (\$ millions)
<b>CONSTRUCTION</b>					
3	Port of Seattle	PS-F	East Marginal Way Ramps	33.34	6.92
10	Port of Tacoma	PS	Lincoln Ave. Grade Separation	40.00	4.20
13	Seattle	PS-F	South Spokane St. Viaduct (Phase 1)	77.53	8.50
15	Puyallup	PS-F	Shaw Rd. Extension	16.00	6.00
20	Pierce County	WW	North Canyon Rd. Exten./BNSF Overcrossing	13.60	2.00
25	Walla Walla	EW	SR 125/SR 12 Interconnect (Myra Rd. Exten.) Phase 1	xxx	xxx
29	Everett	PS-F	E. Marine View Drive Widening	13.00	0.60
35	Kent	PS	S 228th Street Grade Separation (Phase 2)	72.00	6.50
36	Yakima	EW	City of Yakima Grade Separated Rail Crossing	25.00	7.00
44	Spokane	EW	Havana St/BNSF Separation Project	13.00	4.00
51	Seattle	PS	Duwamish Truck Mobility Improvement (Phase 1)	7.18	1.40
52	Fife	PS	70th and Valley Ave Widening	18.86	2.00
53	Pierce County	PS	Canyon Road Northerly Extension	45.00	3.00
58	Port of Seattle	PS	East Marginal Way Truck Crossover	0.45	0.23
<b>Total</b>				<b>378.46</b>	<b>58.25</b>
				(\$ millions)	(\$ millions)

\* Projects in Central Puget Sound



